Saskatchewan Milk Control Board Update

Volume 15 No. 5, November 17, 2008

PRODUCER MEETING WRAP-UP

Thank you to all producers who were able to attend the latest round of producer meetings at the end of October. The Board values the opportunity to meet with producers and hear the issues that dairy producers are facing on the farm.

During this last round of producer meetings, ninety-nine farms were present in at least one of the meeting locations: Swift Current, Yorkton, Odessa, Melfort, and Saskatoon. This was down from 115 farms during the spring 2008 round of meetings.

During the Milk Control Board portion of the meetings the Board provided a market update and discussed a number of current policy issues. The current policy issues included:

- A new **National Continuous Quota Management Model**
- An explanation of the **Double Suspension Penalty at January 31st** that was implemented August 1, 2008
- An upcoming **Review of *The Milk Control Act, 1992***
- A new model for **Fluid Milk Pricing** in the Western Milk Pool

Additional information on the National Continuous Quota Management Model is included in this newsletter. A copy of the producer meeting presentation has been enclosed with the November newsletter for your reference.

Please contact the Board office at (306) 787-1988 for additional information.

QUOTA EXCHANGE

The fifth Quota Exchange for the 2008-2009 dairy year was conducted on November 17, 2008. The market-clearing price established for the Unused Quota Exchange was **$50.00**. There was no Used Quota Exchange. The results of the November 2008 Quota Exchange are outlined in the following Tables.The next monthly Quota Exchange for the 2008-2009 dairy year will be held on December 15, 2008. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, December 6, 2008. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary. Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. **The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.**

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$50.00**
Kilograms offered to Purchase	**23,500**
Kilograms offered to Sell	**37,358**
Kilograms sold	**14,000**
Number of Producers	
- offered to purchase	**7**
- purchased quota	**3**
- offered to sell	**20**
- sold quota	**13**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
40.00	0	0	0	0	-23,500	23,500	500	7	1
41.40	9	9	811	811	-22,189	23,000	0	6	0
45.00	1	10	1,500	2,311	-20,689	23,000	0	6	0
46.00	0	10	0	2,311	-20,689	23,000	3,000	6	1
48.00	1	11	247	2,558	-17,442	20,000	5,000	5	1
48.01	0	11	0	2,558	-12,442	15,000	1,000	4	1
49.90	1	12	5,000	7,558	-6,442	14,000	0	3	0
49.93	1	13	10,000	17,558	3,558	14,000	0	3	0
50.00	**0**	**13**	**0**	**17,558**	**3,558**	**14,000**	**8,000**	**3**	**1**
50.05	0	13	0	17,558	11,558	6,000	5,000	2	1
54.00	1	14	3,600	21,158	20,158	1,000	0	1	0
54.50	1	15	1,500	22,658	21,658	1,000	0	1	0
55.00	1	16	1,000	23,658	22,658	1,000	1,000	1	1
58.00	1	17	3,700	27,358	27,358	0	0	0	0
59.00	1	18	8,000	35,358	35,358	0	0	0	0
60.00	1	19	1,000	36,358	36,358	0	0	0	0
70.00	1	20	1,000	37,358	37,358	0	0	0	0

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$-------**
Kilograms offered to Purchase	**-------**
Kilograms offered to Sell	**5,700**
Kilograms sold	**-------**
Number of Producers	**-------**
- offered to purchase	**0**
- purchased quota	**0**
- offered to sell	**2**
- sold quota	**0**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
55.00	2	2	5,700	5,700	5,700	0	0	0	0

BUTTERFAT PRODUCTION & COMPONENT PRICING October 2008

Butterfat production for October 2008 totalled approximately 732,414 kilograms. This was an increase of approximately 2.08% over October, 2007 shipments. **Saskatchewan's allocation of Total Production Quota for October totalled approximately 2,188,472 kilograms. In October, the province shipped 98.19% of that amount.** Comparatively, for the same time frame in the 2007-2008 dairy year, the province shipped 93.95%.

UNALLOCATED TOTAL PRODUCTION QUOTA PENDING FOR August 1, 2009 IS ESTIMATED AT 0.07%

Unallocated Total Production Quota Pending is the quota change being projected for the beginning of the new dairy year. This is the result of *pro-rata* quota allocations to producers during the current dairy year.

WEIGHTED AVERAGE COMPONENT TESTS & PRICES October 2008

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8284	$11.054817
Protein	3.3945	$ 8.054796
Other Solids	5.6875	$ 1.201847

Based on the average component tests for the province, the average price received was $76.5005 per hectolitre. **The average butterfat price received per kilogram was $19.98.** Over quota (4m) holdings are $1,216,111.98 for the first three months of the 2008-2009 dairy year.

SASKATCHEWAN MILK POOL RESULTS October 2008

Milk Sale Revenue	$ 13,631,929.35
Western Milk Pool	$ 1,129,650.77
Dairy Farmers of Canada Skim Off	$ -19,057.34
Plant of Last Resort Service	$ -57,121.54
Sample Bags	$ -12,322.50
Audit Adjustment	$ -37,857.91
Total Pool Value	**$ 14,635,220.83**

ACCOUNTING VALUES FOR CLASSES OF MILK November 2008

	Butterfat ($/kg)	**($ per hl. Skim milk)**	
Class 1a	$5.3000	$66.29	
Class 1b	$5.3000	$66.29	
Class 1c	$5.3000	$54.30	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.4482	$5.5744	$5.5744
Class 3a	$7.4482	$13.0375	$0.8684
Class 3b	$7.4482	$12.7848	$0.8524
Class 4a, 4b, 4d & 4d(i)	$7.4482	$5.1760	$5.1760
Class 4a(i)	$7.4482	$2.8000	$2.8000
Class 4c	**As approved by the Board**		
Class 4m	$0.00	$0.00	$0.00
Class 5a	$4.2454	$7.2073	$0.0563
Class 5b	$4.2454	$2.4393	$2.4393
Class 5c	$3.7595	$2.1413	$2.1413
Class 5d	**As determined by**	**the CDC**	

CONTINUOUS QUOTA – PROVINCIAL REQUIREMENT UNDER THE NATIONAL SYSTEM

Effective August 1, 2008, all **provincial** quota allocation and production will be based on a National Continuous Quota Management System model that was unanimously approved at national meetings held in mid-October. Please note that the quota policy at the producer level has not changed.

The rolling 12 month Canadian Dairy Commission (CDC) allocation is comprised of Shared Class 1 in the Western Milk Pool, Shared Market Sharing Quota (MSQ) in the WMP and carry-forward up to 0.5% of any quota from the previous dairy year. For example, October 2008 rolling 12 month CDC allocation would be based on November 2007 to October 2008.

The new model allows provinces to produce within a cumulative lower limit of -1.5% and upper limit of 0.5% of the rolling 12 month allocation to the province without being penalized.

A province may be under its rolling 12 month CDC allocation by -1.5% cumulatively without losing the opportunity to produce that butterfat. Currently, Saskatchewan may under produce by approximately 130,000 kgs of butterfat cumulatively. This means that Saskatchewan may carry forward up to 130,000 kgs cumulatively. Should the province under produce in excess of 130,000 kgs of butterfat, the province will not be permitted to carry forward more than 130,000 kgs. This is considered lost market opportunity and other provinces do not get that quota that one province failed to produce.

A province can be over its rolling 12 month CDC allocation by 0.5% cumulatively without being penalized. Saskatchewan may be over by approximately 45,000 kgs of butterfat cumulatively; however if the province is 45,001 kgs of butterfat over cumulatively, the province will be penalized for the 1 kg of butterfat. The penalty the province is charged is 1.5 times the kilograms of butterfat over the cumulative allocation multiplied by that months pooled average blend price.

The Saskatchewan Milk Control Board and Dairy Farmers of Saskatchewan have formed a joint committee to discuss how the National Continuous Quota Management System will interact with the current producer quota management system in Saskatchewan. More information will be available at the spring 2009 producer meetings.

QUOTA MANAGEMENT TABLE

Please find enclosed your quota management results for October, 2008. This Table indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

There are lines numbered 1 through 6 on the top portion of your quota management sheet which show adjustments to your quota for the 2008-2009 dairy year. Enclosed with your quota management sheet is an explanation of how these adjustments will affect what you are required to produce for mid-year (January 31st) and year-end (July 31st) to achieve 97%. If you have any questions, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, miscellaneous dairy equipment, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Swap in Quota

- Cossette Farms Ltd. would like to swap in quota. Contact Randy at (306) 634-4360
- Hodgeville Colony would like to swap in quota. Contact Paul at (306) 677-2232 Ext. 6315
- Sunnydale Colony would like to swap in quota. Contact Joe or Johnny at (306) 237-4812 Ext. 245 or cell (780) 870-7952.
- Smiley Colony would like to swap in quota. Call (306) 838-2048 Ext. 246.

Swap out Quota

- Jim Gorrill would like to swap out unused quota. Contact him at (306) 725-4828.
- Holstein Haven Ltd. would like to swap out 1,500 kgs unused quota. Contact Robert McCubbing at (306) 228-2921.

Quota &/or Cows for Sale

- Cows or heifers for sale. Phone (306) 862-7140.
- 10 milk cows; 10 heifers due December and January; 10 open heifers 15-18 months of age. Contact Chad at (306) 598-2054
- Dwayne Ens has quota for sale. Call (306) 225-2152.
- Quota for sale. Contact Elmer or Elsie Gerbrandt @ (306) 773-5618
- Cows and quota for sale. Contact Ashley Duff @ (306) 783-6896
- Quota for sale. Approximately 32,000 kilograms. Contact Dan Hazell @ Glenacre Holsteins. Phone (306) 224-4850. Fax (306) 224-4909.
- Quota for sale. Contact Kevin at (306) 549-2129.
- Approximately 24,000 kilograms of butterfat. Holstein cows, heifers, calves and bulls. Take possession August 1, 2008. Contact Clara Ollenberger at (306) 753-2747 or cell phone (306) 753-7767.
- Cows and quota for sale. Contact Ferch Farms at (306) 736-2205.
- Cows and quota (approximately 40,000 kilograms). Please contact Ken Schmidt @ (306) 374-8980
- Quota for sale – contact Fred or Anne Monchuk at (306) 365-4750.
- Bred heifers for sale – contact Danny at Box Elder Colony – (403) 502-9997
- Lloyetta Holsteins have sold their cows and quota November 2007. We have kept our home bred heifers and have purchased some quality heifers. Many heifers have deep pedigrees from popular bulls such as Goldwyn, Final Cut, Sept. Storm, FBI, Titanic, Jasper and others. We also have some very nice Grade heifers due in early 2008. We have a total of 100 heifers and feel we can meet your cattle needs. The heifers will start calving in January 2008 and we will have springing heifers thru 2008 and 2009. We have breeding age bulls and younger for sale, most from VG dams with high production. Call Lloyd & Loretta Sawatzky, Box 58, RR #4, Saskatoon at (306) 239-4818 or Cell (306) 281-2247.

Miscellaneous For Sale

- 80 pieces of rubber flooring for sale $1000 Contact George @ Wheatland Colony (306) 587-2458 Ext. 109
- 16 Waikato milk meters $250 each; 5,000 gallon new Delaval bulk tank, made in U.S.A. $50,000. Contact Corman Holsteins (306) 933-4608

- Dairy equipment for sale: Knight TMR mixer, Agrimetal silage cart with 5.5 hp Honda gas motor, 2 belt conveyors, 1000 gallon Delaval bulk tank with 2 compressors and new auto wash, 2" stainless steel pipeline. Heifers for sale: 12 registered good pedigreed Holstein heifers due September and October. One registered Jersey heifer due September. Contact Lloyd Sawatzky (306) 239-4818

- 2002 Tubeline Bale Wrapper and a dismantled 25/90 Harvestorg Silo. Call David Slykhuis @ (306) 453-2878 in Carlyle, SK

- 2000 gallon Delaval tank. Call James Hein (306) 365-3209

MILK CONTROL BOARD MEMBERS

Blaine McLeod - Chairman	Phone – (306) 756-2775
Dale Strudwick – Vice-Chair	Dairy producer
Alvin Schultz - member	Dairy producer
Dr. Bob Tyler	Professor – Dept. of Food & Bioproduct Sciences, University of Saskatchewan, Saskatoon

For further information, please contact the Saskatchewan Milk Control Board office.

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